MANAGEMENT'S DISCUSSION AND ANALYSIS

May 11, 2017

WESTERNONE INC.

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*The following management’s discussion and analysis (“**MD&A**”) should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes (“**Financial Statements**”) of WesternOne Inc. and its direct and indirect subsidiaries (collectively known as “**WesternOne**” or the “**Company**” below, unless the context otherwise requires) for the three months ended March 31, 2017. Results have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and reported in Canadian dollars unless otherwise indicated.*

This MD&A contains forward-looking information. Please see “Forward-Looking Information” and “Risk Factors” for a discussion of the risks, uncertainties and assumptions relating to such information. This MD&A also makes reference to certain non-IFRS measures to assist in assessing the Company’s financial performance. Non-IFRS measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See “Non-IFRS Measures”.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute ‘forward-looking’ information within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to, statements with respect to strategies, expectations, planned operations, projections or other characterizations of future events or circumstances, and the Company’s objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: post-closing working capital adjustments and future amounts payable to the Company pursuant to the earn-out provision in relation to the sale of the assets of Canada Modular Manufacturing (as defined herein); the Company’s reliance on its operating loans for working capital financing; the Company’s expectation that net receivables are collectible, payments to suppliers would continue under current terms, and the bank guarantee would follow the terms in the Amended Facility Letter (as defined herein); the expectation of management that the Company’s liabilities will be discharged by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments; the investment of surplus cash in money market funds or bank money market deposits; the impact of seasonality on the Company’s operations; the Company’s growth strategy; the minimum principal repayments relating to the outstanding loans; rental, finance lease and operating lease commitments; the intention of the Company to vigorously defend the securities class action filed against the Company; the terms of the Amended Credit Facility (as defined herein) and the manner in which the interest rate charged thereon will be determined and adjusted; the terms of repayment under the Amended Credit Facility; the Company meeting the Fixed Charge Coverage Ratio under the Amended Credit Facility; the determination of the annual standby fee for the unutilized portions of the Amended Credit Facility; the interest rate charged on the B/G Subfacility (as defined herein); the Company’s expectation to discharge loan obligations with cash flow generated from operations, existing cash reserves and refinancing of debt instruments; the potential impact of critical accounting estimates on net income; the maturity dates of the Company's leased premises; management's expectation in respect of the macroeconomic conditions of the Company's primary markets in Western Canada and the related impact on residential and commercial construction activities, rental fleet utilizations, supply condition of rental equipment in the market place and rental volumes and rates; management's expectation that mildly improving conditions may result in improved rental volumes and rates; management's intention to continue to refine its marketing strategy to focus sales efforts to its target customers, evaluate returns on fleet investments and redeploy and/or right-size the fleet as necessary, and monitor operational efficiency through cost management; and anticipated benefits to WIS (as defined herein) from the movie and TV production sector due to the foreign exchange environment.

Forward-looking information in this MD&A is based on certain key expectations and assumptions made by the Company, including, without limitation: the stability of the economy in Western Canada; the impact of the current economic climate in Western Canada on the Company's operations will remain consistent with the Company's current expectations; the increased competitive environment in which the Company and its business units operate; a protracted period of lower crude oil prices; the supply of and demand for the Company's products and services and the related impact on the pricing on such products and services will remain consistent with the Company's current expectations; management's assessment of future plans and operations; the Company will be able to grow through acquisitions and organic expansion; the Company will be able to: (i) fund debt maturities and to meet current and future obligations; (ii) collect net receivables; (iii) integrate newly acquired businesses; (iv) maintain payments to suppliers under current terms; and (v) expand product offering and customer base; critical accounting estimates; the Company will be able to discharge its liabilities; the future repayments of the Amended Credit Facility; the basis on which the interest rates and standby fee relating to the Amended Credit Facility are calculated; the impact from the wind-down of the Britco Australia (as defined herein) operations will remain consistent with the Company's current expectations; the impact from estimating the cost of a non-cancellable lease contract and finalization of post-closing adjustments in the sale of Pacific Coast (as defined herein); the impact from macroeconomic headwinds on the Company's primary markets in Western Canada and the related impact on residential and commercial construction activities, particularly in Alberta, will remain consistent with the Company's current expectations; rental fleet utilizations will remain challenged as excess supply of rental equipment in the market place is expected to continue and adversely affect rental volumes and rates; and the contractual requirements of the Company under the Amended Credit Facility are met and the demand feature is not exercised by the Bank (as defined herein). Although forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Undue reliance should not be placed on the forward-looking information since no assurance can be given that it will prove to be correct.

Forward-looking information in this MD&A reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors: current economic conditions; industry conditions and cyclicality; competition; dependence on significant customers; volatility of commodity industry conditions; failure to access financing; credit facilities risk; financial health of the Company and cash flows; leverage and restrictive covenants; adverse weather conditions; seasonality and fluctuations in results; reliance on key personnel; workforce availability; employee relations; dependence on information systems and technology; security breach or cyber-attack; dependence on existing sites; supply disruptions; resale of rental fleet; inventory obsolescence; insurance coverage; foreign exchange; interest rate fluctuations; import product restrictions and foreign trade risks; unpredictability and volatility of security prices; dilution of existing shareholders; prior ranking indebtedness; discontinuation of tax incentives and change in provincial sales tax structure; environmental regulation, health and safety matters and other government regulations; regulatory risk; regulatory filing and licensing requirements; income taxes; legal proceedings; unknown liabilities; winding down of the Britco Australia operations; expansion; failure to realize anticipated benefits of acquisitions; competition for acquisition targets; limitations on future growth and cash flow; indemnities under acquisition agreements; prevailing yields on similar securities; investment eligibility; and conflict of interest. Readers are cautioned that the foregoing list is not exhaustive. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under the section "Risk Factors" elsewhere in this MD&A.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A and the Company assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

BASIS OF MANAGEMENT'S DISCUSSION AND ANALYSIS

On July 29, 2014, the Company announced the winding down of its Australian operations ("**Britco Australia**") through voluntary administration. In addition, on March 6, 2017, the Company completed the sale of a significant portion of the assets of its subsidiary Pacific Coast Modular Construction LP (formerly Britco LP) ("**Pacific Coast**"), including its modular space rental business ("**Modular Rentals**") and its majority interest in its modular building manufacturing operations in the United States ("**US Modular Manufacturing**"). On May 2, 2017, the Company completed the sale of substantially all of the remaining assets of Pacific Coast relating to its Canadian manufacturing business ("**Canada Modular Manufacturing**"). The Company applied IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations* and classified Britco Australia as discontinued operations and classified Pacific Coast as a disposal group held for sale and as discontinued operations for the three months ended March 31, 2017 and the related comparative prior periods. For the purposes of discussing the Company's operating results in this MD&A, management has presented the Company's financial information based on the Company's continuing operations for WIS (as defined herein) and has excluded the Pacific Coast operations, unless otherwise noted.

On October 31, 2016, the Company completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every 35 pre-consolidation common shares (the "**Consolidation**"). The Company's common shares began trading on a post-consolidation basis on the Toronto Stock Exchange (the "**Exchange**") on November 3, 2016. All common share and per share information in this MD&A give effect to the Consolidation on a retroactive basis, unless otherwise indicated.

The term "**Debentures**" collectively refers to the Company's series 2 extendible convertible unsecured subordinated debentures (the "**2011 Debentures**"), which were redeemed on August 5, 2016, and the series 3 unsecured convertible subordinated debentures (the "**2013 Debentures**").

OVERVIEW OF THE COMPANY

The Company is headquartered in Vancouver, British Columbia ("**BC**"), and seeks to acquire and grow businesses in the construction and infrastructure services sectors in Western Canada. The Company was incorporated on July 1, 2012 under the Canada Business Corporations Act ("**CBCA**"), and it is the successor to WesternOne Equity Income Fund following the completion of a conversion from an income trust structure to a corporation according to the previously announced plan of arrangement under Section 192 of the CBCA.

Following completion of the sales of the Pacific Coast businesses, the Company's principal business platform is WesternOne Infrastructure Services ("**WIS**"). WIS is a leading provider of construction heat services and aerial equipment rentals to businesses in the construction, infrastructure, film and television industries in Western Canada. WIS has 14 locations in BC, Alberta and Manitoba.

As at March 31, 2017, the Company had $123.0 million of assets and employed approximately 350 employees in Western Canada relating to the continuing operations of WIS.

The Company's common shares and 2013 Debentures trade on the Exchange under the respective symbols WEQ and WEQ.DB.

RECENT EVENTS

Sale of the Business of Canada Modular Manufacturing

On May 2, 2017, the Company completed the sale of substantially all of the assets of Canada Modular Manufacturing in order for the Company to complete its exit from the modular building business. The assets of Canada Modular Manufacturing were sold for cash consideration of $2.5 million payable at closing, plus or minus customary working capital adjustments, and up to an additional $2.5 million contingent on earnings from the Canada Modular Manufacturing business for the 12-month period following closing. In conjunction with this transaction, the Company incurred a one-time severance obligation of approximately $0.9 million.

SUMMARY FINANCIAL REVIEW

($000's except per share amounts)	Three months ended March 31 2017	2016	Increase/(Decrease) Three months ended March 31 $	%
Total revenue from continuing operations	**$ 26,027**	**$ 22,346**	**$ 3,681**	**16.5%**
Net income (loss) from continuing operations attributable to shareholders	**(4,767)**	**804**	**(5,571)**	**(692.9%)**
- Basic and diluted income (loss) per share	(0.28)	0.71	(0.99)	(139.5%)
Net loss from discontinued operations attributable to shareholders	**(168)**	**(1,095)**	**927**	**84.7%**
- Basic and diluted loss per share	(0.01)	(0.97)	0.96	99.0%
Total net loss attributable to shareholders	**(4,935)**	**(291)**	**(4,644)**	**(1,595.9%)**
- Basic and diluted loss per share	(0.29)	(0.26)	(0.03)	(11.6%)
Adjusted EBITDA (1)	**6,144**	**6,236**	**(92)**	**(1.5%)**
Total assets (2)	**123,042**	**148,037**	**(24,995)**	**(16.9%)**
Long term liabilities (2)	**46,916**	**69,398**	**(22,482)**	**(32.4%)**

Notes:

(1) See definition of adjusted EBITDA under "Non-IFRS Measures" below.

(2) The comparative amount for 2016 represents the year-end balance as at December 31, 2016.

FINANCIAL HIGHLIGHTS FOR THE 3-MONTH PERIOD ENDING MARCH 31, 2017

- Consolidated revenue increased 16.5% or $3.7 million due to a comparatively colder winter season increasing demand for heating related equipment and fuel.

- The Company generated $5.4 million of net cash from operating activities of continuing operations, mainly in connection with operating earnings after adjusting for non-cash items.

- The Company made a lump sum repayment of $25.7 million towards the Amended Credit Facility (as defined herein), using proceeds from the sales of the Pacific Coast businesses. Total bank indebtedness after the repayment was $10.0 million, down significantly from $45.2 million at the end of 2016.

OPERATING METRICS AND PERFORMANCE

The following table illustrates WIS's key operating metrics for the three months ended March 31, 2017 and 2016.

OPERATING METRICS AND PERFORMANCE	Three months ended March 31		Increase/(Decrease) Three months ended March 31	
	2017	2016	$	%
Dollar utilization of rental fleet[1]	62.5%	63.0%		
Average total fleet value (OEC, $000's)[2]	$ 113,465	$ 108,784	$ 4,681	4.3%
Fuel volume sales (000's of Liters)	12,043	8,955	3,088	34.5%
Total headcount (people)	340	312	28	9.0%

Notes:

(1) Rental fleet dollar utilization for the three-month period is calculated as annualized rental and related services revenue for the quarter, divided by average total fleet value for the quarter.

(2) OEC stands for Original Equipment Cost.

Rental fleet dollar utilization declined primarily as a result of compressed rental rates, driven by increased supply of rental equipment and competition, particularly in the Alberta markets. The decline in dollar utilization was partially offset by increased rental volume due to a comparatively colder winter season in Alberta increasing demand for seasonal rentals of heaters and generators. WIS continued to approach the markets with competitive pricing and a focus on customer service to maintain existing market share and generate sales from newly targeted sectors, although this was often met with reduced rental margins, as further discussed in "Financial Results".

During the quarter, WIS increased its average fleet base (net of disposals) by $4.7 million or 4.3% of OEC primarily for: (i) a new branch in Winnipeg; (ii) replacing aging and underutilized equipment; and (iii) meeting increasing demand primarily from the oil sector in Northern Alberta. WIS disposed of $0.8 million of net book value of fleet and recognized a gain of $0.7 million.

Fuel sales volume increased by 34.5% from the prior year as fuel demand went up due to the colder weather. The higher heat-related business activity levels also prompted a 9% increase in total headcount (mostly seasonal hiring) as compared to the prior year.

FINANCIAL RESULTS

Revenue

The following table summarizes revenues from continuing operations of the Company for the three months ended March 31, 2017 and 2016.

SUMMARY OF REVENUES ($000's)	Three months ended March 31				Increase/(Decrease) Three months ended March 31		
		2017		2016		$	%
Rentals and related services	$	17,740	$	17,126	$	614	3.6%
Product sales		8,286		5,212		3,074	59.0%
Total WIS		**26,026**		**22,338**		**3,688**	**16.5%**
Other		1		8		(7)	(87.4%)
Total revenue	**$**	**26,027**	**$**	**22,346**	**$**	**3,681**	**16.5%**

Revenue from equipment rentals and related services increased 3.6% or $0.6 million as compared to the prior year period mainly due to higher seasonal rentals of heaters and generators and related services, particularly from the oil sector in Northern Alberta, due to the comparatively colder winter season. The increase was partially offset by compressed rental rates due to competition.

Revenue from product sales increased 59.0% or $3.1 million as compared to the prior year period primarily as a result of increased fuel sales volume driven by higher weather-related demand, and increased fuel prices as a result of higher commodity input costs.

Gross margin and gross profit

The following table summarizes gross margin and profit from continuing operations of the Company for the three months ended March 31, 2017 and 2016.

SUMMARY OF GROSS MARGIN AND GROSS PROFIT ($000's)	Three months ended March 31				Increase/(Decrease) Three months ended March 31		
		2017		2016		$	%
Rentals and related services	$	6,653	$	6,834	$	(181)	(2.7%)
Gross margin		*37.5%*		*39.9%*			
Product sales		3,309		3,128		181	5.8%
Gross margin		*39.9%*		*60.0%*			
Fleet sales		706		378		328	87.0%
Gross margin		*47.6%*		*40.1%*			
Other		1		9		(8)	(88.9%)
Total gross profit	**$**	**10,669**	**$**	**10,349**	**$**	**320**	**3.1%**
Gross margin		*41.0%*		*46.3%*			

Gross margin and gross profit relating to equipment rentals and related services were 37.5% and $6.7 million, respectively, compared to 39.9% and $6.8 million for the prior year period. The decrease was mainly attributable to lower rental rates due to competition.

Gross margin and gross profit relating to product sales were 39.9% and $3.3 million, respectively, compared to 60.0% and $3.1 million for the prior year period. Gross margin and gross profit under this category mostly relate to sales of new equipment, fuel, retail merchandise and parts. Despite an increase in fuel sales volume generating increased gross profit, fuel-related margins were compressed due to higher commodity input costs and competition. Lower margins were also realized on the sale of new equipment, retail merchandise and parts due to product mix.

Gross margin and gross profit relating to rental fleet sales were 47.6% and $0.7 million, respectively, compared to 40.1% and $0.4 million for the prior year period. Margins under this category tend to fluctuate from time to time depending on the type and age of fleet equipment sold and customers' specific product needs. Gross profit increased due to higher fleet turnover and gross margin increased due to disposal of equipment with comparatively lower net book values.

General and administration expenses

The following table summarizes the general and administration expenses from continuing operations of the Company for the three months ended March 31, 2017 and 2016.

SUMMARY OF GENERAL AND ADMINISTRATION EXPENSES

($000's)	Three months ended March 31		Increase/(Decrease) Three months ended March 31	
	2017	2016	$	%
Operating expenses				
WesternOne Infrastructure Services	$ 6,708	$ 5,661	$ 1,047	18.5%
Corporate	986	1,372	(386)	(28.1%)
Total operating expenses	**7,694**	**7,033**	**661**	**9.4%**
Depreciation and amortization of operating and intangible assets	973	1,527	(554)	(36.3%)
Total general and administration expenses	**$ 8,667**	**$ 8,560**	**$ 107**	**1.3%**

WIS's operating expenses were $6.7 million (25.8% of WIS's total revenue), compared with $5.7 million (25.3% of WIS's total revenue) in the prior year period. The increase was mainly due to higher business activity levels. The higher operating cost ratio reflected ongoing challenges with operating leverage primarily due to rental rate compression.

Corporate operating expenses were $1.0 million (3.8% of the Company's total revenue), compared with $1.4 million (6.1% of the Company's total revenue) in the prior year period. The decrease was due to headcount and salary reductions.

The Company's depreciation and amortization of operating and intangible assets decreased by 36.3% or $0.6 million, as compared to the prior year period due mainly to decreased amortization expenses relating to a reduction in intangible assets.

Adjusted EBITDA

The following table summarizes adjusted EBITDA (see "Non-IFRS Measures") from continuing operations of the Company for the three months ended March 31, 2017 and 2016.

SUMMARY OF ADJUSTED EBITDA			Increase/(Decrease)	
($000's)	Three months ended March 31		Three months ended March 31	
	2017	2016	$	%
WesternOne Infrastructure Services	$ 6,960	$ 7,488	$ (528)	(7.1%)
Corporate	(816)	(1,252)	436	34.8%
Total adjusted EBITDA	$ 6,144	$ 6,236	$ (92)	(1.5%)

Changes in the Company's adjusted EBITDA for the three months ended March 31, 2017, compared to the respective prior year periods, are due to factors explained above.

Finance costs

Finance costs were $6.8 million for the three months ended March 31, 2017 compared to $0.6 million in the prior year period. Excluding non-cash items relating to the revaluation of the liability component of the Debentures resulting in a loss of $5.0 million (2016 – gain of $2.3 million), the interest rate swap and amortization of financing-related transaction costs in accordance with IFRS, finance costs were $1.4 million for the three months ended March 31, 2017, compared to $2.8 million in the prior year period. The decrease was primarily due to lower interest costs as a result of the redemption of the 2011 Debentures in August 2016 and lower bank indebtedness.

Net income (loss) from continuing operations attributable to shareholders

Net loss from continuing operations attributable to shareholders was $4.8 million ($0.28 per share) for the three months ended March 31, 2017, compared to net income of $0.8 million ($0.71 per share) for the prior year period. The change was due to the factors discussed above.

Net loss from discontinued operations attributable to shareholders

Net loss from discontinued operations attributable to shareholders was $0.2 million ($0.01 per share) for the three months ended March 31, 2017, compared to $1.1 million ($0.97 per share) for the prior year period.

Total assets

Total assets were $123.0 million as at March 31, 2017, compared with $148.0 million as at December 31, 2016. The decrease was mainly due to a decrease in assets held for sale as Modular Rentals and US Modular Manufacturing were sold during the three months ended March 31, 2017, partially offset by an increase in cash proceeds (net of bank debt repayments) from these transactions.

Long-term liabilities

Long-term liabilities were $46.9 million as at March 31, 2017, compared with $69.4 million as at December 31, 2016. The decrease was mainly due to a $25.7 million lump sum repayment of capital loans and reclassification of capital loans to short term liabilities as the Amended Credit Facility (as defined herein) is due on demand. This was partially offset by revaluation of the liability component of the Debentures in accordance with IFRS.

Deferred income tax

Deferred income taxes are recorded on the temporary differences arising between the accounting and tax bases of assets and liabilities on the statement of financial position.

As at March 31, 2017, in accordance with IFRS, the Company concluded that it was not probable that sufficient taxable profits will be available against which deductible temporary differences can be utilized; therefore, the Company has not recognized any deferred income tax assets.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table provides quarterly historical financial data of the Company for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited Financial Statements and related notes thereto.

SELECTED QUARTERLY FINANCIAL INFORMATION
($000's except per share amounts)

	Q1 '17	Q4 '16	Q3 '16	Q2 '16	Q1 '16	Q4 '15	Q3 '15	Q2 '15
Revenue								
Continuing Operations	$ 26,027	$ 20,733	$ 13,155	$ 12,692	$ 22,346	$ 20,462	$ 15,201	$ 17,077
Discontinued Operations	14,240	12,180	12,543	12,485	9,646	15,457	31,560	44,886
Total revenue	$ 40,267	$ 32,913	$ 25,698	$ 25,177	$ 31,992	$ 35,919	$ 46,761	$ 61,963
Adjusted EBITDA (1) (2) (3)	$ 6,144	$ 3,080	$ (1,175)	$ (158)	$ 6,236	$ 4,547	$ 1,062	$ 1,822
Net income/(loss)								
Continuing Operations	$ (4,767)	$ (31,894)	$ (12,457)	$ (19,117)	$ 804	$ 29,312	$ (6,042)	$ (5,880)
Discontinued Operations	(209)	(10,721)	(1,345)	(7,155)	(1,159)	(39,537)	(1,003)	(480)
Total net loss	$ (4,976)	$ (42,615)	$ (13,802)	$ (26,272)	$ (355)	$ (10,225)	$ (7,045)	$ (6,360)
Basic income/(loss) per share (2)								
Continuing Operations	$ (0.28)	$ (1.87)	$ (1.14)	$ (16.87)	$ 0.71	$ 25.87	$ (5.33)	$ (5.19)
Discontinued Operations	(0.01)	(0.62)	(0.12)	(6.29)	(0.97)	(34.85)	(0.93)	(0.44)
Total basic loss per share	$ (0.29)	$ (2.50)	$ (1.26)	$ (23.16)	$ (0.26)	$ (8.98)	$ (6.27)	$ (5.63)
Diluted income/(loss) per share (2)								
Continuing Operations	$ (0.28)	$ (1.87)	$ (1.14)	$ (16.87)	$ 0.71	$ 20.24	$ (5.33)	$ (5.19)
Discontinued Operations	(0.01)	(0.62)	(0.12)	(6.29)	(0.97)	(25.82)	(0.93)	(0.44)
Total diluted loss per share	$ (0.29)	$ (2.50)	$ (1.26)	$ (23.16)	$ (0.26)	$ (5.58)	$ (6.27)	$ (5.63)

Notes:
(1) See definition of adjusted EBITDA under "Non-IFRS Measures" below.
(2) Represents amount attributable to shareholders.
(3) Represents amount from continuing operations.

Seasonality

At WIS, the aerial and general construction equipment rental business is generally lower from January through March as the winter weather hampers construction activity. Heater rentals and related fuel services during the winter months compensate for the traditionally slower winter business cycle in the aerial and general construction equipment rental sectors. From April through July, the rental demand for aerial and general construction equipment grows gradually as rental activities accelerate into the summer months. From August through November, the demand for rental equipment typically continues as construction companies strive to meet construction targets prior to the start of the holiday season in December. The heat business generally starts in November and continues through to the spring of the following year.

In addition to the seasonal nature of the Company's business, the quarterly changes above are also due to the changes in the Company's business activity levels and the timing of business acquisitions and dispositions.

CASH FLOWS AND LIQUIDITY

The following table provides an overview of the Company's cash flows from continuing operations for the three months ended March 31, 2017 and 2016.

SUMMARY OF CASH FLOWS ($000's)	Three months ended March 31 2017	2016
Net change of cash related to:		
Operations		
Cash generated from (used in) operating earnings	$ 6,971	$ 5,965
Changes in working capital	(1,568)	366
Investing	43,615	(155)
Financing	(34,113)	(11,555)
Net change in cash during the period from continuing operations	$ 14,905	$ (5,379)

As discussed above, the revenue and operating results of the Company have historically displayed seasonal variations throughout a year. While certain of the Company's variable costs can be managed to match seasonal patterns, a significant portion of its costs are fixed and cannot be adjusted for seasonality. The fluctuation in future results of operations may require the Company to rely on its operating loans for working capital financing at certain times of the year.

The Company recorded a cash inflow of $5.4 million from operating activities from its continuing operations for the three months ended March 31, 2017, compared with cash inflow of $6.3 million for the same period in the prior year. The decrease in cash flow generation from operating activities was primarily due to higher working capital requirements relating to an increase in accounts receivable with increased heat-related business activity levels.

As at March 31, 2017, the Bank provided an operating loan with approved capacity of up to $10.0 million on an interest-only basis. As at March 31, 2017, the Company had $7.3 million of cash and cash equivalent on hand, net of operating loans drawn.

Working capital management continues to be an important element of cash generation for the Company. As at March 31, 2017, management expected that net receivables were collectible, payments to suppliers would continue under current terms, and the bank guarantee would follow the terms in the Amended Facility Letter (as defined herein).

During the three months ended March 31, 2017, the Company purchased rental equipment and other operating assets for $2.4 million and received proceeds of $1.5 million from the sale of fleet equipment from its continuing operations. The Company received net cash proceeds of $44.5 million for the sale of Modular Rentals and US Modular Manufacturing. Net of advances, the Company repaid $32.7 million, consisting primarily of its Amended Credit Facility (as defined herein) and finance lease obligations. The Company also paid $1.4 million of interest (net of interest income received) for the outstanding senior debt and 2013 Debentures related to its continuing operations.

Liquidity Risks

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk through cash and debt management. As at March 31, 2017, the Company had available unused approved credit facilities (operating and capital loans combined and based on margin and other funding requirements pursuant to the Amended Facility Letter (as defined herein)) of $9.1 million. The Company also had accounts receivable of $20.0 million and cash and cash equivalents totaling $18.2 million. Management expects to discharge the Company's liabilities by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments.

A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations. Cash flow estimates are based on rolling forecasts of operating, investing and financing cash flows. Such forecasting also takes into account borrowing limits, cash restrictions and compliance with debt covenants.

Cash which is surplus to working capital requirements is managed by the centralized treasury function which invests it in money market funds or bank money market deposits, choosing maturities which are aligned with expected cash needs based on the rolling forecast process.

CAPITAL RESOURCES

On March 6, 2017, the Company entered into a facility letter (the "**Amended Facility Letter**") with a Canadian chartered bank (the "**Bank**") under which the Bank provided a demand credit facility with an aggregate limit of $20.0 million (the "**Amended Credit Facility**").

Provided a certain Fixed Charge Coverage Ratio is met (as defined in the Amended Facility Letter), the Amended Credit Facility comprises a $10.0 million revolving operating loan and a $10.0 million revolving capital expenditure loan. A general security agreement providing a charge over all assets of the Company has been provided as collateral to the Bank.

Under the Amended Credit Facility, the revolving operating loan carries interest at a rate to be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter). The margins range from 1.25% to 3.25% for prime-based borrowing and range from 2.50% to 4.50% for banker's acceptance-based borrowing.

The revolving operating loan is secured by a margin requirement (the "**Margin Requirement**") of: (i) 50% of acceptable inventory (up to $6.5 million); (ii) 75% of acceptable non-investment grade accounts receivable; (iii) 85% of acceptable investment grade accounts receivable; and (iv) 90% of accepted insured receivables (as defined in the Amended Facility Letter), minus priority claims.

As a sublimit of the revolving operating loan, the Bank also extended a bank guarantee facility with an authorized limit of the lesser of: (i) $10.0 million; and (ii) the Margin Requirement (the "**B/G Subfacility**"). The B/G Subfacility carries interest at a rate to be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter) for banker's acceptance-based borrowing.

Unless repayable on demand to the Bank, the revolving capital expenditure loan under the Amended Credit Facility will be repaid by consecutive quarterly payments comprised of principal installments equal to 4.0% of the original principal amount of each applicable advance, plus applicable interest accrued.

The unutilized portions of the Amended Credit Facility have an annual standby fee determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter), ranging from 0.50% to 0.90%.

Pursuant to the Amended Facility Letter, the Bank also extended a demand bank guarantee facility with an authorized limit of $3.0 million (the "**Bank Guarantee Facility**") for advance payment, performance and warranty guarantees as required. The Bank Guarantee Facility carries interest at 2.5%.

The Amended Facility Letter also has, among other things, amendments to financial covenants, restrictions on paying dividends to shareholders, making payments of principal on the 2013 Debentures, and future acquisitions without the prior written consent of the Bank.

As at March 31, 2017, the Company was in compliance with all bank covenants associated with the Amended Facility Letter.

During the three months ended March 31, 2017, the Company obtained a leasehold improvement loan of $1.4 million which bears interest at 6.0%. The loan will mature in January 2022.

NON-IFRS MEASURES

References in this MD&A to "**adjusted EBITDA**" are to net income or loss from continuing operations before interest, taxes, depreciation and amortization, and other specified items that would impact comparability including, where applicable, non-operational income and expenses, securities-based compensation and other gains or losses. The use of the term "non-operational income and expenses" is defined by the Company as those that do not impact operating decisions taken by the Company's management as well as items of an unusual nature that do not reflect the Company's ongoing operations.

In addition to results reported in accordance with IFRS, the Company uses adjusted EBITDA as a supplemental indicator of its financial and operating performance. Adjusted EBITDA is not an earnings measure recognized by IFRS, does not have standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The Company's management believes that adjusted EBITDA is an important supplemental financial measure in evaluating the Company's performance and discloses adjusted EBITDA to capture the profitability of its business before the impact of items not considered in management's evaluation of operating performance.

The following table reconciles the Company's net income from continuing operations and adjusted EBITDA for the three months ended March 31, 2017 and 2016.

RECONCILIATION OF NET INCOME (LOSS) FROM CONTINUING OPERATIONS AND ADJUSTED EBITDA
($000's)

	Three months ended March 31	
	2017	2016
Net income (loss) from continuing operations	$ (4,767)	$ 804
Finance costs	6,769	583
Depreciation and amortization	3,957	4,452
Income tax expense	-	402
Share based compensation	4	99
Severance	185	-
Others	(4)	(104)
Adjusted EBITDA	$ 6,144	$ 6,236

OFF-BALANCE SHEET FINANCING

The Company has no off-balance sheet arrangements, except for the operating leases relating to the Company's various operating assets. The operating lease arrangements represent a normal course of the Company's businesses.

CONTRACTUAL OBLIGATIONS

As at March 31, 2017, the minimum principal repayments required for the then outstanding loans are as follows:

LOANS PAYABLE ($000's)	2017	2018	2019	2020	2021	Thereafter
Capital Loan	$ 1,200	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 2,400
Other loans	770	1,072	1,127	803	317	27
	$ 1,970	$ 2,672	$ 2,727	$ 2,403	$ 1,917	$ 2,427

The Company expects to discharge the loan obligations with cash flow generated from operations, existing cash reserves and refinancing of debt instruments. The above table represents the principal repayment schedule in respect of the Amended Credit Facility and other loans. See "Capital Resources" for the principal repayment terms for the Amended Credit Facility.

As at March 31, 2017, the Company had the following rental, finance lease and operating lease commitments from continuing operations:

CONTRACTUAL OBLIGATIONS (000's)	2017	2018	2019	2020	2021	Thereafter
Rental commitments	$ 3,024	$ 3,627	$ 2,372	$ 2,066	$ 1,764	$ 2,934
Finance leases	1,356	1,010	281	180	200	-
Operating leases	13	17	13	-	-	-
	$ 4,393	$ 4,654	$ 2,666	$ 2,246	$ 1,964	$ 2,934

LONG TERM INCENTIVE PLAN

Board of Directors, officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the Company's long term incentive plan (the "**LTIP**"). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Company's ability to attract, retain and motivate key personnel and reward key employees for significant performance that results in the Company exceeding its available cash targets. Pursuant to the LTIP, the Company may set aside a pool of funds based upon the amount, if any, by which available cash per common share (as measured on a fully diluted basis) exceeds certain defined threshold amounts. A third-party trustee purchases common shares of the Company in the market with this pool of funds and holds the common shares until such time as ownership vests to each participant. LTIP participants are entitled to receive dividends, if any, on all common shares of the Company held for their account prior to the applicable vesting date. Unvested common shares held by the third-party trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those common shares will be sold and the proceeds returned to the Company.

The Company's compensation committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

For the three months ended March 31, 2017, the Company's compensation committee did not approve any payments under the LTIP.

WESTERNONE SECURITIES-BASED COMPENSATION PLAN

The purpose of the WesternOne Securities-Based Compensation Plan (the "**WesternOne SBC Plan**") is to promote the interest and long-term success of the Company by: (i) furnishing certain directors, officers, employees or consultants of the Company (or other persons as the Company's compensation committee may determine) (together, the "**SBC Plan Participants**") with greater incentive to further develop and promote the business and financial success of the Company; (ii) further align the interests of the SBC Plan Participants with those of the shareholders generally through a proprietary ownership interest in the Company; and (iii) assisting the Company in attracting, retaining and motivating the SBC Plan Participants.

The Company's compensation committee has the power to, among other things: (i) determine persons who are eligible for the WesternOne SBC Plan; (ii) grant awards to the SBC Plan Participants; (iii) determine the types of securities-based awards to be granted; (iv) determine the times such awards will be granted; and (v) the pricing, vesting and other terms of the grant.

The number of securities that may be allotted and issued under the WesternOne SBC Plan is determined by the compensation committee, provided that the maximum number of securities to be reserved for issuance from treasury under the WesternOne SBC Plan does not exceed 10% of the issued and outstanding common shares of the Company on a "rolling" basis, net of the 14,285 common shares that may be issued under the EPP, as described in further detail below.

As at the date of this MD&A, the Company had 48,358 options, 167 equity-settled restricted stock units and 1,272,537 cash-settled restricted stock units outstanding.

For the three months ended March 31, 2017, the Company's compensation committee did not approve any performance awards to senior executives.

EMPLOYEE PURCHASE PLAN

The purpose of the Employee Purchase Plan ("**EPP**") is to promote the interests of the Company and its shareholders by enabling the Company to attract and retain highly talented employees who are in a position to make significant contributions to the success of the Company, to reward them for their contributions to the success of the Company and to encourage them, through ownership, to increase their proprietary interest in the Company and their personal interest in its continued success and progress.

Officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the EPP. Under the EPP, an eligible participant elects to make a personal contribution to the plan based on the type and amount of cash remuneration received by such individual during a year, up to a maximum percentage of the remuneration. The percentage is determined based on criteria including but not limited to the participant's position within the Company, his or her past performance and contributions to the Company's success and remuneration received during the year. The Company makes a contribution to the EPP on behalf of that participant in an amount equal to that percentage of the participant's personal contribution. A third-party trustee administers the EPP through using the contributions to either purchase common shares of the Company in the market or through treasury issuances at fair market value. The common shares of the Company purchased under the EPP are subject to vesting and hold period requirements.

The Company's compensation committee has the power to determine, among other things: (i) those individuals who will participate in the EPP; (ii) the level of participation of each participant and the level of contribution by the Company; (iii) the purchase of common shares of the Company in the open market or through treasury issuances; and (iv) the vesting and hold period requirements of common shares under the EPP.

The number of common shares of the Company that may be allotted and issued under the EPP is determined by the Board of Directors, provided that the maximum number of common shares of the Company to be reserved for issuance from treasury under the EPP does not exceed 14,285 common shares in the aggregate, as adjusted following the completion of the Consolidation.

For the three months ended March 31, 2017, the Company's compensation committee did not approve any contributions to the EPP.

TRANSACTIONS WITH RELATED PARTIES

For the three months ended March 31, 2017, the Company rented premises in Calgary, Alberta from Eastlake Properties Inc. which an officer of the Company holds an interest in. The Company paid an aggregate of $0.1 million (2016 - $0.1 million) in rent to related parties and maintained a rental deposit of $36,858 (2016 - $36,858) during the three months ended March 31, 2017. The rent between the parties was at fair market value. The term of the lease matures in July 2023 with an option to renew.

SECURITIES AND PRINCIPAL SHAREHOLDERS

As at May 11, 2017, 17,017,044 common shares of the Company are issued and outstanding, each of which entitles the holder to one vote at shareholder meetings. Furthermore, 51,750 2013 Debentures are issued and outstanding with an outstanding face value of approximately $51.8 million. Upon conversion of the 2013 Debentures based on the adjusted conversion price of $411.25 per common share following the completion of the Consolidation ($11.75 per common share prior to the completion of the Consolidation), an additional 125,835 common shares of the Company are issuable.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, common shares of the Company carrying more than 10% of the voting rights attached to all the issued and outstanding common shares, other than as set out below:

Registered and Beneficial Owner Name	**Shares**	**Percentage of Issued and Outstanding Shares**
Verition Canada Master Fund Ltd.(1)	93,900,682(2)(3)	15.8%(4)
Broadview Capital Management(5)	2,457,015(6)	14.4%(7)

Notes:

(1) Verition Canada Master Fund Ltd. is controlled, indirectly, by Manousos Vourkoutiotis. In addition, Arceus Partnership, a partnership controlled by Mr. Vourkoutiotis, owns 16,671,538 common shares, which, together with the 93,900,682 common shares owned by Verition Canada Master Fund Ltd., represents approximately 18.6% of the issued and outstanding common shares (18.4% on a fully-diluted basis). The number of common shares disclosed in this footnote does not reflect adjustments resulting from the Consolidation.

(2) The number of common shares disclosed do not reflect adjustments resulting from the Consolidation.

(3) The information as to common shares of the Company beneficially owned by Verition Canada Master Fund Ltd. and Arceus Partnership, not being within the knowledge of the Company, has been obtained from the Alternative Monthly Report filed by Verition Advisors (Canada) ULC, the portfolio manager for Verition Canada Master Fund Ltd., on September 7, 2016.

(4) 15.6% on a fully-diluted basis.

(5) On May 3, 2017, Ewing Morris & Co. Investment Partners Ltd. announced it had reached an agreement to acquire Broadview Capital Management Inc. Broadview Capital Management Inc. and Ewing Morris & Co. Investment Partners Ltd. currently hold approximately 2,457,015 common shares of the Company, which represents approximately 14.4% of the issued and outstanding common shares (14.5% on a fully diluted basis). In addition, Broadview Capital Management Inc. and Ewing Morris & Co. Investment Partners Ltd. currently hold together approximately 13,800 2013 Debentures with an outstanding face value of approximately $13,800,000, which, if converted, would result Broadview Capital Management Inc. and Ewing Morris & Co. Investment Partners Ltd. holding together approximately an additional 33,600 common shares of the Company representing 0.2% of the issued and outstanding common shares.

(6) The information as to common shares of the Company beneficially owned by Broadview Capital Management Inc. and Ewing Morris & Co. Investment Partners Ltd., not being within the knowledge of the Company, has been furnished by Lee Matheson, a director of the Company and co-founder and managing director of Broadview Capital Management Inc.

(7) 14.5% on a fully-diluted basis.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2017, the Company's financial assets and liabilities consisted primarily of cash and cash equivalents, accounts receivable, operating loans, accounts payable and accrued liabilities, other loans, the Amended Credit Facility, and the 2013 Debentures. These financial instruments arose from the Company's normal course of business, with respect to the financing of its day-to-day operations, capital expenditures and acquisitions.

The carrying values of the financial instruments, except for the capital loans, other loans, and the 2013 Debentures, were considered to approximate their fair values due to their short-term nature. The carrying values of the Amended Credit Facility and other loans approximated their fair values as the related interest rates of the loans were at market as at March 31, 2017. The Company has considered credit risk in making this determination and concluded no material adjustments would be required. The fair value of the liability component of the 2013 Debentures was determined based on discounted cash flow analysis using expected future cash flows and a market-related discount rate.

In addition to liquidity risk described in "Cash Flows and Liquidity" above, the Company is exposed to credit, interest rate and foreign exchange risks associated with its financial assets and liabilities. Overall, the Board of Directors has the responsibility for the establishment and approval of the Company's risk management policies. Management continually performs risk assessments to ensure that all significant risks related to the Company's operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument. The Company is exposed to credit risk with respect to its accounts receivable, particularly from customers in the construction and resource industries in Western Canada due to its concentration of business in those sectors. The Company mitigates the risk by means of a diverse customer base in construction (industrial, commercial, infrastructure and residential), resource (oil and gas and energy) as well as other sectors. As at March 31, 2017, there was one accounts receivable balance in excess of 10% of the Company's consolidated accounts receivable balance. In general, in assessing the credit risks in relation to accounts receivable balances, management has considered the financial health of the respective companies in terms of working capital position, financial leverage, ability to generate operating cash flow, revenue base and profitability. Management also reviews the payment history and average collection cycle of these accounts and makes provisions where necessary. The Company mitigates its credit risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses. As at March 31, 2017, the Company had provisions for potential uncollectible accounts receivable of $0.8 million. Related bad debt expenses of $0.4 million for the three months ended March 31, 2017, were recorded in general and administration expenses in the Company's statement of income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's finance leases, leasehold improvement loan and the 2013 Debentures all bear fixed interest rates, and hence are not exposed to any interest rate risk.

The Company's Amended Credit Facility and equipment financing loan bear interest at variable rates. The Company manages its interest rate risk relating to the Amended Credit Facility and other loans through entering into an interest rate swap agreement as needed with the Bank for a portion of the outstanding senior credit facilities. As at March 31, 2017, the Company did not have any interest rate swap agreements outstanding. The Company does not hold or use any derivative instruments for trading or speculative purposes. Interest expense is classified as part of finance costs in the Company's statement of income.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's cash flow exposure to foreign exchange risk mainly relates to purchases of rental equipment and replacement parts from suppliers in the United States.

For the three months ended March 31, 2017, the Company recorded foreign exchange gain of $0.1 million (2016 – $0.1 million) from its continuing operations. Foreign exchange gains or losses are classified as part of general and administration expenses in the Company's statement of income.

As at March 31, 2017, the Company's consolidated statement of financial position included $0.6 million of accounts receivable (2016 - $0.4 million), $0.1 million of accounts payable and other liabilities (2016 - $1.1 million), and $1.3 million of cash net of operating loans (2016 - $3.1 million operating loans net of cash) which were foreign currency denominated and were subject to foreign exchange risk.

The Company does not use, hold or issue foreign exchange contracts for trading or speculative purposes. At March 31, 2017, the Company had no foreign exchange contracts outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The Company has taken into account the current economic environment when determining the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets. As conditions change, actual results could differ from those estimates. The Company's significant accounting policies are described in note 3 of the Financial Statements for the year ended December 31, 2016. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. The Company considers the following to be most critical in understanding the judgments that are involved in preparing the Financial Statements and the uncertainties that could affect the Company's results of operations, financial condition and cash flows from continuing operations.

Provision of obsolescence of inventory

The value of the Company's inventory, which includes equipment for resale and parts inventories, is evaluated by management throughout each year. When required, reserves are recorded to ensure that the book value of the resale equipment is valued at the lower of cost or estimated net realizable value. Management identifies slow moving or obsolete parts inventories (if any) and estimates appropriate obsolescence provisions related thereto. Assumptions underlying management's evaluation of inventory obsolescence include stability in inventory price levels, estimates of customer demand and projected level of repairs and maintenance needed for the rental fleet. Depending on the future economic environment, there is a risk that the Company could have an increase in inventory obsolescence which would result in an increased charge to the statement of income.

Provision for doubtful accounts

The Company is exposed to credit risks with respect to its accounts receivable. In general, the Company mitigates the risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. Assumptions underlying management's evaluation of provision for doubtful accounts include stability of the business environment that customers operate in and financial health of customers. The provision for doubtful accounts at March 31, 2017 did not reflect any significant increase in expected losses compared to prior years. However, depending on the future economic environment, there is a risk that the Company could experience a greater number of defaults which would result in an increased charge to the statement of income.

Impairment of assets

Management reviews the Company's non-financial assets, inventories and deferred tax assets (if any) at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management also reviews goodwill and intangible assets that have indefinite useful lives or that are not yet available for use for impairment at least annually or whenever events or changes in circumstances indicate possibility of impairment.

Impairment is recognized if the recoverable amount determined as the higher of the estimated fair value less cost to sell or the discounted future cash-flows generated from use and eventual disposal from an asset or cash generating unit ("**CGU**") is less than their carrying value. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

Assumptions underlying management's evaluation of asset impairments include estimates of future operations of, and related cash flow generated from, the assets or CGUs, marketplace data, and future costs of capital. Depending on the future economic environment, there is a risk that the Company could have an increase in impairments which would result in an increased charge to the statement of income.

Accrual of unbilled revenue

Revenue from rental contracts and related services is generated through cycle billing to customers. Accrual of revenue relating to invoices not yet issued to customers at period-end is estimated by management based on rental rates specified in rental contracts and expected length of rental periods. Depending on the magnitude of the difference between management's estimates and the actual rental rates and length of rental periods, there is a risk that the Company could have to adjust for the related difference, which would result in an increased charge to the statement of income.

Deferred income taxes

Deferred income tax assets and liabilities are determined based on the temporary differences between the tax basis of the Company's assets and liabilities and the amounts reported in the Financial Statements, to the extent that such temporary differences are expected to reverse in future periods. Deferred tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized. Assumptions underlying the composition of deferred income tax assets include estimates of future results of operations, the timing of reversal of temporary differences, as well as the tax rates and laws in each jurisdiction at the time of the expected reversal. The composition of deferred income tax assets is reasonably likely to change from period to period due to the uncertainties surrounding these assumptions, and therefore would result in an increased charge to the statement of income.

Loss on sale of discontinued operations

The loss on the sale of Britco Australia was calculated using the best estimates from management and the administrators of the voluntary administration and liquidation of Britco Australia. Such estimates include: (i) the recoverable value of the net assets of Britco Australia; (ii) costs required to complete the disposal of Britco Australia; and (iii) costs to terminate outstanding lease commitments. Depending on the actual results of these items, there is a risk that the Company could incur additional costs which would result in increased charges to the statement of income. This accounting estimate is applicable to Britco Australia.

The gain (loss) on the sales of the Pacific Coast businesses were calculated using best estimates from management. Such estimates include costs to terminate outstanding lease commitments and finalization of post-closing adjustments. Depending on the actual results of these items, there is a risk that the Company could incur additional costs which would result in increased charges to the statement of income. This accounting estimate is applicable to Pacific Coast.

CONTINGENCY

On December 10, 2014, Robert Krten and 2381371 Ontario Inc. filed a securities class action against the Company and certain of its directors and executives alleging misrepresentation. The proceeding was commenced by a statement of claim filed in the Windsor registry of the Ontario Superior Court. The claim was subsequently amended to substitute Frederick Cass and Edward Allan McCaffrey as the plaintiffs. The action was transferred to Toronto. The Company intends to vigorously defend the claim. The case is in its initial phase of pleading and a reasonable estimate of the obligation cannot be made at this time.

RISK FACTORS

For a detailed description of the risk factors associated with the Company and its business, refer to the Company's annual information form dated March 30, 2017 (the "**Annual Information Form**"). The Company is not aware of any significant changes to its risk factors from those disclosed in the Annual Information Form except as discussed in "Recent Events" above regarding the sale of the assets of Canada Modular Manufacturing. As a result of the sale of the assets of Canada Modular Manufacturing, the Company is no longer subject to the risks related to the ongoing ownership of Canada Modular Manufacturing.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, under the supervision and with the participation of its Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), is responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are designed to ensure that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's ICFR may not prevent or detect all misstatements because of the inherent limitations of any control system. Due to these inherent limitations, DC&P and ICFR can provide only reasonable, not absolute, assurance that controls will be effective in preventing and/or detecting and correcting misstatements that may be material. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company's management, under the supervision of and with the participation of the CEO and CFO, completed an evaluation of the design and operating effectiveness of the Company's DC&P and ICFR. In making this evaluation, management used a top-down risk-based approach using the criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Based on this evaluation, the CEO and CFO have concluded that the Company's DC&P and ICFR were effective as at March 31, 2017.

There has been no change in the Company's DC&P and ICFR that occurred during the three months ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's DC&P and ICFR.

OUTLOOK

The following discussion is qualified in its entirety by the section "Forward-Looking Information" at the beginning of this MD&A, and the section titled "Risk Factors".

Management expects the macroeconomic headwinds to continue to impact its primary markets in Western Canada, particularly in Alberta where reduced residential and commercial construction activities are not expected to improve materially. Rental fleet utilizations may remain challenged as excess supply of rental equipment in the market place is expected to continue adversely affecting rental volumes and rates. While the general economic activity remains under pressure, management anticipates mildly improving conditions which may result in improved rental volumes and rates. In response, management will continue to: (i) refine its marketing strategy to focus sales efforts to its target customers, including identification of new markets; (ii) evaluate returns on fleet investments and redeploy and/or right-size the fleet as necessary; and (iii) monitor operational efficiency through cost management.

Management also expects WIS to continue to benefit from a relatively strong movie and TV production sector in BC due in part to the favourable Canadian foreign exchange environment.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form and other public filings, is available on SEDAR at www.sedar.com or on the Company's website at www.weq.ca.

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TRADING SYMBOLS

Toronto Stock Exchange: WEQ and WEQ.DB